

Bill No. SB 1064

Barcode 141672

585-2234-06

Proposed Committee Substitute by the Committee on Governmental Oversight and Productivity

1                               A bill to be entitled  
2           An act relating to the Florida Retirement  
3           System; amending s. 121.091, F.S.; increasing  
4           the period of time in which members of the  
5           system who are employed as school  
6           administrators in grades K-12 may participate  
7           in the Deferred Retirement Option Program;  
8           providing a declaration of important state  
9           interest; providing an effective date.

10

11 Be It Enacted by the Legislature of the State of Florida:

12

13           Section 1. Paragraphs (a) and (b) of subsection (13)  
14 of section 121.091, Florida Statutes, are amended to read:

15           121.091 Benefits payable under the system.--Benefits  
16 may not be paid under this section unless the member has  
17 terminated employment as provided in s. 121.021(39)(a) or  
18 begun participation in the Deferred Retirement Option Program  
19 as provided in subsection (13), and a proper application has  
20 been filed in the manner prescribed by the department. The  
21 department may cancel an application for retirement benefits  
22 when the member or beneficiary fails to timely provide the  
23 information and documents required by this chapter and the  
24 department's rules. The department shall adopt rules  
25 establishing procedures for application for retirement  
26 benefits and for the cancellation of such application when the  
27 required information or documents are not received.

28           (13) DEFERRED RETIREMENT OPTION PROGRAM.--In general,  
29 and subject to the provisions of this section, the Deferred  
30 Retirement Option Program, hereinafter referred to as the  
31 DROP, is a program under which an eligible member of the

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1 Florida Retirement System may elect to participate, deferring  
2 receipt of retirement benefits while continuing employment  
3 with his or her Florida Retirement System employer. The  
4 deferred monthly benefits shall accrue in the System Trust  
5 Fund on behalf of the participant, plus interest compounded  
6 monthly, for the specified period of the DROP participation,  
7 as provided in paragraph (c). Upon termination of employment,  
8 the participant shall receive the total DROP benefits and  
9 begin to receive the previously determined normal retirement  
10 benefits. Participation in the DROP does not guarantee  
11 employment for the specified period of DROP. Participation in  
12 the DROP by an eligible member beyond the initial 60-month  
13 period as authorized in this subsection shall be on an annual  
14 contractual basis for all participants.

15 (a) Eligibility of member to participate in the  
16 DROP.--All active Florida Retirement System members in a  
17 regularly established position, and all active members of  
18 either the Teachers' Retirement System established in chapter  
19 238 or the State and County Officers' and Employees'  
20 Retirement System established in chapter 122 which systems are  
21 consolidated within the Florida Retirement System under s.  
22 121.011, are eligible to elect participation in the DROP  
23 provided that:

24 1. The member is not a renewed member of the Florida  
25 Retirement System under s. 121.122, or a member of the State  
26 Community College System Optional Retirement Program under s.  
27 121.051, the Senior Management Service Optional Annuity  
28 Program under s. 121.055, or the optional retirement program  
29 for the State University System under s. 121.35.

30 2. Except as provided in subparagraph 6., election to  
31 participate is made within 12 months immediately following the

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1 date on which the member first reaches normal retirement date,  
2 or, for a member who reaches normal retirement date based on  
3 service before he or she reaches age 62, or age 55 for Special  
4 Risk Class members, election to participate may be deferred to  
5 the 12 months immediately following the date the member  
6 attains 57, or age 52 for Special Risk Class members. For a  
7 member who first reached normal retirement date or the  
8 deferred eligibility date described above prior to the  
9 effective date of this section, election to participate shall  
10 be made within 12 months after the effective date of this  
11 section. A member who fails to make an election within such  
12 12-month limitation period shall forfeit all rights to  
13 participate in the DROP. The member shall advise his or her  
14 employer and the division in writing of the date on which the  
15 DROP shall begin. Such beginning date may be subsequent to the  
16 12-month election period, but must be within the 60-month or,  
17 with respect to members who are instructional personnel  
18 employed by the Florida School for the Deaf and the Blind and  
19 who have received authorization by the Board of Trustees of  
20 the Florida School for the Deaf and the Blind to participate  
21 in the DROP beyond 60 months, or who are instructional  
22 personnel as defined in s. 1012.01(2)(a)-(d) or school  
23 administrators as defined in s. 1012.01(3)(c) in grades K-12  
24 and who have received authorization by the district school  
25 superintendent to participate in the DROP beyond 60 months,  
26 the 96-month limitation period as provided in subparagraph  
27 (b)1. When establishing eligibility of the member to  
28 participate in the DROP for the 60-month or, with respect to  
29 members who are instructional personnel employed by the  
30 Florida School for the Deaf and the Blind and who have  
31 received authorization by the Board of Trustees of the Florida

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1 School for the Deaf and the Blind to participate in the DROP  
2 beyond 60 months, or who are instructional personnel as  
3 defined in s. 1012.01(2)(a)-(d) or school administrators as  
4 defined in s. 1012.01(3)(c) in grades K-12 and who have  
5 received authorization by the district school superintendent  
6 to participate in the DROP beyond 60 months, the 96-month  
7 maximum participation period, the member may elect to include  
8 or exclude any optional service credit purchased by the member  
9 from the total service used to establish the normal retirement  
10 date. A member with dual normal retirement dates shall be  
11 eligible to elect to participate in DROP within 12 months  
12 after attaining normal retirement date in either class.

13         3. The employer of a member electing to participate in  
14 the DROP, or employers if dually employed, shall acknowledge  
15 in writing to the division the date the member's participation  
16 in the DROP begins and the date the member's employment and  
17 DROP participation will terminate.

18         4. Simultaneous employment of a participant by  
19 additional Florida Retirement System employers subsequent to  
20 the commencement of participation in the DROP shall be  
21 permissible provided such employers acknowledge in writing a  
22 DROP termination date no later than the participant's existing  
23 termination date or the 60-month limitation period as provided  
24 in subparagraph (b)1.

25         5. A DROP participant may change employers while  
26 participating in the DROP, subject to the following:

27         a. A change of employment must take place without a  
28 break in service so that the member receives salary for each  
29 month of continuous DROP participation. If a member receives  
30 no salary during a month, DROP participation shall cease  
31 unless the employer verifies a continuation of the employment

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1 relationship for such participant pursuant to s.

2 121.021(39)(b).

3         b. Such participant and new employer shall notify the  
4 division on forms required by the division as to the identity  
5 of the new employer.

6         c. The new employer shall acknowledge, in writing, the  
7 participant's DROP termination date, which may be extended but  
8 not beyond the original 60-month or, with respect to members  
9 who are instructional personnel employed by the Florida School  
10 for the Deaf and the Blind and who have received authorization  
11 by the Board of Trustees of the Florida School for the Deaf  
12 and the Blind to participate in the DROP beyond 60 months, or  
13 who are instructional personnel as defined in s.

14 1012.01(2)(a)-(d) or school administrators as defined in s.

15 1012.01(3)(c) in grades K-12 and who have received

16 authorization by the district school superintendent to

17 participate in the DROP beyond 60 months, the 96-month period

18 provided in subparagraph (b)1., shall acknowledge liability

19 for any additional retirement contributions and interest

20 required if the participant fails to timely terminate

21 employment, and shall be subject to the adjustment required in

22 sub-subparagraph (c)5.d.

23         6. Effective July 1, 2001, for instructional personnel  
24 as defined in s. 1012.01(2), election to participate in the  
25 DROP shall be made at any time following the date on which the  
26 member first reaches normal retirement date. The member shall  
27 advise his or her employer and the division in writing of the  
28 date on which the Deferred Retirement Option Program shall  
29 begin. When establishing eligibility of the member to  
30 participate in the DROP for the 60-month or, with respect to  
31 members who are instructional personnel employed by the

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1 Florida School for the Deaf and the Blind and who have  
2 received authorization by the Board of Trustees of the Florida  
3 School for the Deaf and the Blind to participate in the DROP  
4 beyond 60 months, or who are instructional personnel as  
5 defined in s. 1012.01(2)(a)-(d) or school administrators as  
6 defined in s. 1012.01(3)(c) in grades K-12 and who have  
7 received authorization by the district school superintendent  
8 to participate in the DROP beyond 60 months, the 96-month  
9 maximum participation period, as provided in subparagraph  
10 (b)1., the member may elect to include or exclude any optional  
11 service credit purchased by the member from the total service  
12 used to establish the normal retirement date. A member with  
13 dual normal retirement dates shall be eligible to elect to  
14 participate in either class.

15 (b) Participation in the DROP.--

16 1. An eligible member may elect to participate in the  
17 DROP for a period not to exceed a maximum of 60 calendar  
18 months or, with respect to members who are instructional  
19 personnel employed by the Florida School for the Deaf and the  
20 Blind and who have received authorization by the Board of  
21 Trustees of the Florida School for the Deaf and the Blind to  
22 participate in the DROP beyond 60 months, or who are  
23 instructional personnel as defined in s. 1012.01(2)(a)-(d) or  
24 school administrators as defined in s. 1012.01(3)(c) in grades  
25 K-12 and who have received authorization by the district  
26 school superintendent to participate in the DROP beyond 60  
27 calendar months, 96 calendar months immediately following the  
28 date on which the member first reaches his or her normal  
29 retirement date or the date to which he or she is eligible to  
30 defer his or her election to participate as provided in  
31 subparagraph (a)2. However, a member who has reached normal

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1 retirement date prior to the effective date of the DROP shall  
2 be eligible to participate in the DROP for a period of time  
3 not to exceed 60 calendar months or, with respect to members  
4 who are instructional personnel employed by the Florida School  
5 for the Deaf and the Blind and who have received authorization  
6 by the Board of Trustees of the Florida School for the Deaf  
7 and the Blind to participate in the DROP beyond 60 months, or  
8 who are instructional personnel as defined in s.  
9 1012.01(2)(a)-(d) or school administrators as defined in s.  
10 1012.01(3)(c) in grades K-12 and who have received  
11 authorization by the district school superintendent to  
12 participate in the DROP beyond 60 calendar months, 96 calendar  
13 months immediately following the effective date of the DROP,  
14 except a member of the Special Risk Class who has reached  
15 normal retirement date prior to the effective date of the DROP  
16 and whose total accrued value exceeds 75 percent of average  
17 final compensation as of his or her effective date of  
18 retirement shall be eligible to participate in the DROP for no  
19 more than 36 calendar months immediately following the  
20 effective date of the DROP.

21           2. Upon deciding to participate in the DROP, the  
22 member shall submit, on forms required by the division:

23           a. A written election to participate in the DROP;

24           b. Selection of the DROP participation and termination  
25 dates, which satisfy the limitations stated in paragraph (a)  
26 and subparagraph 1. Such termination date shall be in a  
27 binding letter of resignation with the employer, establishing  
28 a deferred termination date. The member may change the  
29 termination date within the limitations of subparagraph 1.,  
30 but only with the written approval of his or her employer;

31           c. A properly completed DROP application for service

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1 retirement as provided in this section; and

2 d. Any other information required by the division.

3 3. The DROP participant shall be a retiree under the  
4 Florida Retirement System for all purposes, except for  
5 paragraph (5)(f) and subsection (9) and ss. 112.3173, 112.363,  
6 121.053, and 121.122. However, participation in the DROP does  
7 not alter the participant's employment status and such  
8 employee shall not be deemed retired from employment until his  
9 or her deferred resignation is effective and termination  
10 occurs as provided in s. 121.021(39).

11 4. Elected officers shall be eligible to participate  
12 in the DROP subject to the following:

13 a. An elected officer who reaches normal retirement  
14 date during a term of office may defer the election to  
15 participate in the DROP until the next succeeding term in that  
16 office. Such elected officer who exercises this option may  
17 participate in the DROP for up to 60 calendar months or a  
18 period of no longer than such succeeding term of office,  
19 whichever is less.

20 b. An elected or a nonelected participant may run for  
21 a term of office while participating in DROP and, if elected,  
22 extend the DROP termination date accordingly, except, however,  
23 if such additional term of office exceeds the 60-month  
24 limitation established in subparagraph 1., and the officer  
25 does not resign from office within such 60-month limitation,  
26 the retirement and the participant's DROP shall be null and  
27 void as provided in sub-subparagraph (c)5.d.

28 c. An elected officer who is dually employed and  
29 elects to participate in DROP shall be required to satisfy the  
30 definition of termination within the 60-month or, with respect  
31 to members who are instructional personnel employed by the



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2 received authorization by the Board of Trustees of the Florida  
3 School for the Deaf and the Blind to participate in the DROP  
4 beyond 60 months, or who are instructional personnel as  
5 defined in s. 1012.01(2)(a)-(d) or school administrators as  
6 defined in s. 1012.01(3)(c) in grades K-12 and who have  
7 received authorization by the district school superintendent  
8 to participate in the DROP beyond 60 months, the 96-month  
9 limitation period as provided in subparagraph 1. for the  
10 nonelected position and may continue employment as an elected  
11 officer as provided in s. 121.053. The elected officer will be  
12 enrolled as a renewed member in the Elected Officers' Class or  
13 the Regular Class, as provided in ss. 121.053 and 121.122, on  
14 the first day of the month after termination of employment in  
15 the nonelected position and termination of DROP. Distribution  
16 of the DROP benefits shall be made as provided in paragraph  
17 (c).

18       Section 2. The Legislature finds that a proper and  
19 legitimate state purpose is served when employees and retirees  
20 of the state and of its political subdivisions, and the  
21 dependents, survivors, and beneficiaries of such employees and  
22 retirees, are extended the basic protections afforded by  
23 governmental retirement systems that provide fair and adequate  
24 benefits and that are managed, administered, and funded in an  
25 actuarially sound manner as required by s. 14, Art. X of the  
26 State Constitution and part VII of chapter 112, Florida  
27 Statutes. Therefore, the Legislature determines and declares  
28 that this act fulfills an important state interest.

29       Section 3. This act shall take effect upon becoming a  
30 law.

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